

**STATE OF CALIFORNIA
ENERGY RESOURCES CONSERVATION
AND DEVELOPMENT COMMISSION**

Implementation of Restructuring)
Legislation (Chapter 854, Statutes)
of 1996, AB 1890): Renewables)

Docket No.
96-REN-1890

**Comments of the
Solar Thermal Electric Alliance**

**January 16, 1997
Renewables Program Committee Hearing**

January 22, 1997

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SOLAR THERMAL ELECTRIC ALLIANCE

Introduction

The Solar Thermal Electric Alliance (“STEAL”) would like to take this opportunity to expand upon some of our January 16, 1997, comments.

Capital Improvements and Cost Reduction Activities

STEAL believes that the most efficient use of funds for this technology will be through capital improvements, replacement of broken solar components (e.g. mirrors and heat collection tubes) and operations and maintenance (“O&M”) cost reduction activities. These activities are long term, infrastructure commitments that will make the facilities more competitive. It has come to our attention that some members of Staff and the Commission may not have received our “*Projects List*” that was distributed at the November 26, 1996, workshop (Attachment 1). The STEAL would commit to using AB 1890 funds for the projects identified on that list or other projects of a similar nature.

STEAL realizes that it is asking for an exception to the “industry” and Staff-proposed “per kWh production incentive” mechanism. STEAL believes that due to the fact that its proposal would require STEAL to invest in capital-related projects and O&M cost-reduction activities, it is well suited to the SEGS facilities. AB 1890 funds would go directly where they were intended -- into the facilities.

Under the “per kWh production incentive” mechanism, technologies such as biomass will probably buy more fuel (e.g. wood) and their pay back period is immediate. The SEGS are concerned with long-term, infrastructure items that have longer payback periods.

STEAL has requested 10% of the AB 1890 funds. Its proposal offers a simple alternative to the “per kWh production incentive.” Also, if its proposal is implemented, at the end of the four-year period, valuable comparisons could be made between STEAL’s proposal and the “per kWh production incentive” proposal.

Distribution Mechanism #1A - Solar Thermal Electric Alliance